

SECRET

OGC Has Denied Release

SOME SIGNIFICANT EVENTS
IN THE
OFFICE OF SECURITY

25X1

BY:

14 March 1969

SECRET

SECRET

EXECUTIVE ORDER 10450

1. The issuance of Executive Order 10450 in 1953 changed considerably the attitudes toward and operations of security officers in the government as a whole. In CIA it had little impact on security doctrine although it did revise drastically the means by which the security process did work.

2. A significant change was in the hearing board mechanism. Prior to E.O. 10450, Loyalty Boards were convened in all cases formally processed under Executive Order 9835. These Boards were made up of Agency officers. These officers first met as a Loyalty Board and considered the case on only those aspects authorized under E.O. 9835. Immediately after deciding under E.O. 9835 the Board adjourned and immediately reconvened FOIAB5 panel of the Agency Employment Review Board and at this time considered loyalty, other aspects of security, and suitability issues as well. Many employees were cleared by the Loyalty Board but a few minutes later were disapproved by the Employment Review Board. Complete transcripts were made of all Board proceedings. The Civil Service Commission sent representatives over periodically in order to postaudit the Loyalty Board portion. Those representatives left with us their certification of acceptance of the way the case was handled. In some cases the CSC Loyalty Review Board challenged the cases on both substantive as well as procedural grounds.

3. With the issuance of E.O. 10450 the Loyalty Boards of E.O. 9835 and the CSC Loyalty Review Board were abolished. E.O. 10450 required agency and department head determination without board proceedings. A board was to be constituted only when an employee (who had to be a careerist and a U.S. citizen) wished to appeal the adverse decision of the Agency head.

4. Board composition also changed. Under E.O. 10450 the Board had to be made up of employees of other agencies. These Boards were "Security Hearing Boards." The Agency was required to furnish to the rest of the government a list of Agency employees who could be called upon to serve on Boards for other departments and agencies.

5. One Agency officer who served on such a Board was the subject of an adverse report from the security office of the other department because the Agency man followed CSC instructions (and a formal manual on the subject) which held that membership in a subversive organization was not automatically disqualifying.

SECRET

SECRET

2

6. The Agency used the SHB process in only one case, with almost disastrous results. Because of the political ramifications of the case, the SHB found the man met all of the requirements of E.O. 10450 but recommended he be fired anyway.

7. In connection with E.O. 10450 the Attorney General prepared regulations which each department and agency was to adopt verbatim. The Agency did so but issued the regulation with a confidential classification. The Attorney General ordered the classification to be deleted. The regulation is still unclassified.

SIGNIFICANT E.O. 10450 CASES

1. Under a prior heading mention was made of the fact that only one E.O. 10450 case in the Agency was handled by a Board composed of non-Agency members. This Board objected to being created for this purpose, not only because of the political aspects to the case but also because of their interpretation (shared by most security officers) that such Boards were to be created only when the employee wanted to appeal an adverse decision. In this particular case, there was no adverse decision before or after.

2. In terms of the formal E.O. 10450 process, there has been only one case where the suspension provisions of the basic statute were used. An employee was suspended and given a statement of reasons. He retained a lawyer and answered the statement of reasons. An Office of Security and OGC decision was reached that he had indeed answered the statement of reasons and that there was no basis for further action. He was reinstated and was given back all pay for the period of his suspension.

REPORTING UNDER E.O. 10450

1. Executive Order 10450 called for three types of reports:

- a. a report to the CSC on all cases opened for investigation and a report on security decisions on each such case;
- b. a more formal and controlled reporting system on all cases which were turned over to the FBI and investigated by the Bureau which sent the reports to the CSC, not the Agency; and

SECRET

SECRET

3

- c. periodic statistical reports to the CSC on all cases handled.

2. The Agency never complied directly with the reporting requirements of "a", above. The Agency maintained that it complied with the spirit of this requirement by placing on each national agency check request to the Bureau and CSC the phrase "applicant for government employment." The "A.G.E." label was designed as a means of complying partly with this requirement of E.O. 10450 which had also existed under E.O. 9835.

3. The Agency did send cases to the Bureau pursuant to E.O. 10450. Many cases were converted to formal E.O. 10450 cases by the Bureau on receipt of our N.A.C. request. In these cases, on completion of the investigation the Bureau sent the reports to the CSC which in turn transmitted the reports to the Agency. There was a formal report back to the CSC in each such case.

4. The Agency complied only for a short period with the periodic statistical reporting requirements. The Agency never complied with specific directions given by the Attorney General at a meeting which was attended by the Director of Security and the writer. The Attorney General ordered that an individual case which had been turned down for more than one of the reportable reasons was to be counted or scored in the column for each of the reportable reasons. The Attorney General's order had the effect, at its worst, of making it appear that four persons were rejected or dismissed when actually it was one individual who was found wanting in the four reportable categories.

5. The first quarterly report to CSC was incorporated in a published report. Instead of looking at the number of rejections and dismissals of the stated number of homosexuals as an indicator of the workings of the system, there were external questions and criticism of a system which permitted them to get in in the first place. In the second quarterly report every effort was made to find some other category for reporting rejections and dismissals for homosexual activity. The statistics were still misapplied on the outside and after one or two such reports the Agency discontinued reporting.

EXECUTIVE ORDER 10501

1. About five and one-half years after its issuance, Executive Order 10501 was modified by Executive Order 10816.

SECRET

SECRET

4

Until that time it was basic to the security program that classified documents were to be made available only to those persons (public or private) who had an official need for that information. The modification permitted the head of each agency to make classified documents available to persons outside the government if that person was trustworthy and was engaged in historical research. The Department of Defense is known to have permitted such access.

EXECUTIVE ORDER 10865

1. The background of this Executive Order was in the legal process which established that there was no basis in law for the industrial security program of the U.S. Government. The early drafts of this Executive Order were designed to furnish a basis in law for the industrial security programs of all agencies and departments.

2. As the Agency study progressed it became clear, however, that there were provisions which made it unacceptable to CIA. Attempts to insert in the Executive Order either specific or oblique exceptions for CIA were not acceptable even in CIA. The solution was found in having the Order recast so as to identify specifically the departments and agencies which were authorized to have industrial security programs. CIA was not one of those named.

THE PRESIDENT'S LETTER OF 4 MARCH 1955

1. In this letter the President approved an Attorney General proposal that whenever an agency head proposed to make a security decision different from a security decision made on the same person by another agency head, the two agency heads were to consult promptly and either resolve their differences or to record in the records of both agencies the reasons for continuing differences of opinion.

2. The Office of Security records contained documents which developed this further. These documents showed that following an NSC meeting the DCI met with the President and spoke substantially as follows, "Mr. President, I cannot live with your letter of 4 March." The President replied in substantially these words, "I didn't think you could."

3. That closed the matter. The Agency has proceeded under this exemption which we knew about but about which no other department or agency knows. Other agencies and departments subsequently come to the Agency for such consultation.

SECRET

SECRET

5

4. While not directly affecting the Agency, there are other documents in the Office which refer to the problem for which the President's letter was the solution. One is the case of [REDACTED]; the others are the documents making up the package on what was referred to at the time as the [REDACTED] Report.

25X1

25X1

25X1

SECRET

25X1

Page Denied

Next 2 Page(s) In Document Denied